PlacerGROWN Farm Conference
Saturday, January 26, 2013
8:00 AM – 3:30 PM
Lincoln High School
790 J Street

Keynote Topic: Trends Affecting Foothill Agriculture Over the Next 10 Years

This year’s keynote address will feature a panel discussion on trends affecting foothill agriculture over the next ten years. These would be trends in land use, water, demographics, food purchases, local food, crops, livestock, and marketing. You will have the opportunity to provide your viewpoint on future trends through the use of clickers. You will also hear an update on PlacerGROWN and what 2013 will look like for the organization.

The conference will again feature a variety of workshops, trade show, and lunch. More information on the keynote and workshops will be coming soon.
Making Grass Finishing Profitable
Dave Pratt, Ranch Management Consultants

Dave Pratt is the CEO of Ranch Management Consultants, which offer the Ranching for Profit School. I highly recommend the school and you can find out more information by going to www.ranchmanagement.com. Dave writes a blog called *Profit Tips* that is free to anyone who wants to subscribe – which you can do on the website. One of his more recent articles discusses important points regarding niche meat marketing that might make you think about your situation.

My crystal ball isn’t better than anybody else’s, but in mine I see the cost of energy increasing and the economics of feeding irrigated corn to cattle crashing. I see serious externalized ecological costs (the dead zone in the Gulf of Mexico, nitrates in ground water, etc.). Feedlots are a creation of the 50’s and 60’s. They followed the introduction of hybrid varieties of corn and nitrogen fertilizer. Today it is almost impossible to imagine the cattle industry without feedlots. Perhaps it is as hard as it would be to imagine Australia or Argentina with feed lots. My guess is that by 2040, the livestock industry will undergo a transformation again. After all, it is pretty hard to find a successful industry that doesn’t require radical transformation at least once a century to remain successful.

Some ranchers are trying to create an alternative to the cattle industry’s addiction to corn by creating conception to consumption grass finishing enterprises. Having more alternatives is a good thing and this alternative could reconnect consumers with producers and offer a product higher in anti-carcinogens than grain finished meat and milk. But to be sustainable a business must be profitable and conception to consumption grass finishing enterprises face several challenges to profitability that must be overcome if grass finishing is going to be a viable option for producers and widely available to consumers. The challenges include:

1. **Not all grass is equal**

Think of forage as being in one of three broad quality categories, breeding feed, growing feed and finishing feed. Breeding animals will perform well on growing or finishing feed, but are unlikely to give you the optimum return. In contrast, growing or finishing animals will not perform well on breeding feed. It is rare to have one ranch that has all three in the balance needed to support their breeding, growing and finishing enterprises.

*(Continued on page 3)*
2. Turnover: Slow & Low

It generally takes longer to finish animals on grass than it does on a feedlot ration. That means the capital invested in the animal is tied up longer. Compounding the challenge, the forage grazed by those large calves and yearlings that used to go to the feed lot, means that some other enterprise has less forage to use. So in addition to slower turnover, we may carry lower numbers.

3. Ranching v. Farming

There are some grass finishing proponents who insist that forage sequencing may be the key to producing a consistent high quality product. The most profitable ranch businesses rarely do any farming. Farming adds the need for equipment, the labor and gas to drive it, repair and maintenance costs, insurance, depreciation. Most grass finishers don't have the economics of scale or margins to cover the capital and overheads required for farming.

4. Working For Free

I break conception to consumption businesses into two divisions: the livestock division and the meat division. The meat division purchases animals from the finishing enterprise in the livestock division. The procurement, slaughter, storage marketing and all other costs associated with processing and selling the meat, including labor, must be covered by the meat and bi-product sales. Your labor cost should be calculated at what you'd have to pay to have someone else do the work.

Bottom line: Include your full labor costs (paid and unpaid) in calculating your costs. Set your profit target and determine the margins and turnover you need to achieve it. Look for options to farm out the farming and to partner with people who have resources that will complement yours, including on the marketing and processing end of things (we don't all have to reinvent the wheel).

Because they believe that grass finishing is a good thing to do, I wonder sometimes if people assume that they are more profitable than they really are. It reminds me of a great line in the movie My Cousin Vinnie. A witness said something took 5 minutes that actually takes 20 minutes to cook and Vinnie responds, "... perhaps the laws of physics cease to exist on your stove." Well, grass finishing or not, the laws of business and economics still exist on your ranch.

For a review of research comparing the nutritional differences between grain and grass finished beef click: http://www.csuchico.edu/grassfedbeef/research/Review Grassfed Beef 2010.pdf.
Sample Costs for Finishing Beef Cattle on Grass Now Available
Roger Ingram, County Director and Farm Advisor, Placer & Nevada Counties

A new cost study on finishing beef cattle on grass is now available at the UC Cost Study website. The address for all cost studies is at: http://coststudies.ucdavis.edu


The cost study was developed under leadership of Larry Forero, County Director and Farm Advisor in Shasta / Trinity Counties. I think one of the most valuable parts of the cost study is to provide a clearer understanding of marketing costs.

The grass-finishing phase was conducted by purchasing twenty 800-pound heifers from the cow-calf enterprise. The heifers were grazed on irrigated pasture from April through October and then slaughtered and processed.

<table>
<thead>
<tr>
<th>Farmers Market Purchase and Sales</th>
<th>Amount ($) / Hd</th>
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</thead>
<tbody>
<tr>
<td>Purchase of 800 lb heifer @$1.30</td>
<td>1,040</td>
</tr>
<tr>
<td>Gross income from selling 385 lbs @$7.00</td>
<td>2,695</td>
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<tr>
<td>Net Gross Income</td>
<td>1,655</td>
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<table>
<thead>
<tr>
<th>Marketing Direct Costs</th>
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<tbody>
<tr>
<td>Slaughter @ $70 per head</td>
<td>70</td>
</tr>
<tr>
<td>Processing @ $0.90 per lb</td>
<td>540</td>
</tr>
<tr>
<td>Farmers Markets Membership Fees - 2 markets @ $30 for the season prorated per head</td>
<td>3</td>
</tr>
<tr>
<td>Farmers Market weekly stall fees - 2 markets @$30 per week prorated per head</td>
<td>120</td>
</tr>
<tr>
<td>Meat Storage</td>
<td>20</td>
</tr>
<tr>
<td>Transportation - 2 markets for 40 weeks at 100 miles per week X $0.555 per mile</td>
<td>110</td>
</tr>
<tr>
<td>Marketing Costs</td>
<td>127</td>
</tr>
</tbody>
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| Total Marketing Direct Costs    | 990             |
| Net Gross Income—Marketing Direct Costs | 665           |
| % Marketing Costs / Net Gross Income | 58.4%         |

(Continued on page 5)
Overheads

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<tr>
<th>Description</th>
<th>Amount</th>
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<tbody>
<tr>
<td>Labor @ 7 hours X $10/hr X 2 Markets X 2 weeks to sell beef from 1 heifer</td>
<td>280</td>
</tr>
<tr>
<td>Net Gross Income—Marketing Direct Costs—Marketing Labor to Sell at Farmers Markets</td>
<td>385</td>
</tr>
<tr>
<td>% Marketing Direct Cost + Marketing Overhead / Net Gross Income</td>
<td>76.7%</td>
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The meat was sold as 50 pound boxes at two farmers markets for 40 weeks. The price per pound was $7 or $350 per box. The example tables reflect selling 385 pound carcasses.

The direct and overhead associated marketing costs for selling one heifer as beef is 76.7% of net gross income! Do you know what your costs of marketing total? I would encourage you to take a look at them or contact me and I am willing to help you figure that out.

Important considerations to think about:

- Know all of your marketing costs
- What is your weekly sales benchmark for selling at a Farmers’ Market? A total of $200-250 in sales for the day means you pretty well broke even and made little money.
- How is your merchandizing? Does your stall set-up draw people to your booth?
- Are you constantly marketing and attempting sales? Sitting down and waiting for people to come to your stall most likely will not be an effective approach.
- Finding competent sales people who can handle most of the farmers market sales. It is important to people to get to meet the farmer / rancher. You can schedule yourself at times to be at the stall to sell for that week. If you are doing all the production, marketing, and sales on a week to week basis, you will most likely burn out at some point.
Searchable Map of USDA Inspected and Custom Exempt Slaughter and Processing Facilities Now Available

http://ucanr.edu/sites/placernevadasmallfarms/Livestock/Processing_Facilities/

Thanks to funding provided by USDA Rural Development Agency’s Rural Business Enterprise Grant (RBEG) program, there is now a searchable online database map of USDA Inspected and Custom Exempt Slaughter and Processing Facilities in California.

You can find the map at our Foothill Farming website: http://ucanr.edu/sites/placernevadasmallfarms/Livestock/Processing_Facilities/

The map was developed under the direction of Shermain Hardesty at UC Davis. The project was one of several that were sub-contracted through the High Sierra Resource Conservation and Development Council, which received the RBEG funding.

Here is what the main search screen looks like:

In the above example, I am searching statewide for USDA inspected cattle slaughter and processing facilities with grinding. (Continued on page 7)
The following screen shot shows the result after I press go.

Here is the same search with the results showing facilities located 100 miles or less from my office in Auburn. I have highlighted on facility to show the information:

Try the map out. If you find things in error that need to be added, please let me know at rsingram@ucdavis.edu or 530-889-7385.
UPCOMING EVENTS

Contact Roger Ingram at 530-889-7385 or rsingram@ucanr.edu to register or if you have questions. Check website for updated information at ceplacer.ucdavis.edu

Beginning Farm Academy
December 7-8, 2012
UCCE Office – Auburn, CA
Registration: http://ucce.ucdavis.edu/survey/survey.cfm?surveynumber=9472
For more information: cefake@ucdavis.edu

This is a 2-day intensive introduction to starting a small commercial farm or ranch. If you are considering starting a small ag operation in the foothills, you need to attend the Academy. Learn about assessing your resources and choosing products, the basics of market-driven farming and basic economic tools.

Shepherding Skills Workshop Series
Foot Health and Managing Spring Lambing Ewes Through the Winter
December 9, 2012
9:00 AM – 12:00 Noon
Oak Hill Ranch, Auburn, CA

The main topic this time around will be foot health. We'll be trimming feet and putting sheep through a foot-bath to control scald and foot-rot. You'll learn about equipment, tools and techniques - and you'll have an opportunity to do lots of "hands-on" trimming! That's right - you'll get to experience the fun of trimming hooves! We'll also discuss managing pregnant ewes and winter-time nutrition. The workshop will be at Oak Hill Ranch in Auburn (I'll send directions when you register). Please RSVP so that we have plenty of coffee and donuts on hand!

Cost: $10 per workshop. Please register by calling Dan Macon at (530) 305-3270.

Planning for the Worst – Hoping For The Best; How To Manage Your Farm and Ranch Liabilities
December 12, 2012
1:00 – 4:00 PM
UCCE Office – Auburn, CA
Registration: http://ucce.ucdavis.edu/survey/survey.cfm?surveynumber=9527
For more information: cefake@ucdavis.edu

This is an afternoon workshop meant to address farm liabilities and how you can plan for the unexpected on your farm or ranch. Adversity in your farming operation has many faces - water pipes bust, tractors break down, animals die unexpectedly, drought, unexpected debt, crop freeze, lack of market, and trucks stop working...usually at the most inopportune moments.

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790 J Street

See front page of newsletter for more information.

California Grazing Academy
April 26-27, 2013
Sierra Research and Extension Center
Browns Valley, CA
Cost: $160

Registration information coming soon.

Roger Ingram
County Director, Placer and Nevada Counties